

United States Senate
WASHINGTON, DC 20510-3005

October 18, 2021

The Honorable Gary Gensler
Chair
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Chair Gensler:

We write in support of the Subcommittee on Diversity and Inclusion (D&I) of the SEC Asset Management Advisory Committee's (AMAC) July 7, 2021, recommendations to promote diversity among asset managers.¹

Women and people of color are dramatically underrepresented in the field of asset management. As pointed out by the D&I subcommittee, less than 1% of the \$70 trillion in global financial assets under management are managed by woman or minority-owned firms.² Women and people of color are also extremely underrepresented at the board and senior management levels at asset management firms. Across the industry, the senior leadership level is overwhelmingly white and male; 83.7% of executives are white and 74.6% are male.³ The investment consultant community exhibits similar characteristics.⁴

This is a serious problem for the industry, investors, and the country as there is a wealth of data showing that greater diversity leads to greater profitability. A July 2021 report from BoardReady showed that companies with at least 30% of their board seats filled by non-white Executives experienced year over year revenue growth of 1.2% in 2020 despite the pandemic. Meanwhile, companies with less than 20% of their board seats filled by diverse executives experienced 8.3% revenue losses.⁵ Additionally, a recent McKinsey report found that ethnically diverse executive teams are 36 percent more likely to outperform their peers on profitability.⁶

¹ <https://www.sec.gov/files/amac-recommendations-di-subcommittee-070721.pdf>

² <https://www.sec.gov/files/amac-background-gao-investment-management.pdf>

³ https://www.ici.org/system/files/attachments/pdf/21_news_di_chart_01.pdf

⁴ <https://www.sec.gov/files/amac-background-diverse-asset-managers-initiative-2019.pdf>

⁵ https://static1.squarespace.com/static/5ab00948710699beb7a40e29/t/60edf87b6d720f75fb6366ba/1626208384888/BoardReady_Report_Final.pdf

⁶ <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters#>

Given this data, it is clear that the promotion of diversity within the asset management industry would not only improve performance to the benefit of investors, it would also align with the SEC's diversity and inclusion goals and its mandate to protect investors and facilitate fair and open markets. Therefore, we urge the SEC to immediately approve all D&I subcommittee recommendations as unanimously passed by the AMAC on July 7, 2021, including:

1. Require enhanced disclosure requirements to provide transparency on issues of gender and racial diversity in the workforce and ownership of advisory firms, gender and racial diversity on the fund boards of each investment company, and business practices for consultants who recommend investment advisors and investment funds;
2. Issue Commission or Staff Guidance to clarify that a wide variety of factors may be considered by fiduciaries in their selection of asset management firms, and that fulfillment of fiduciary duty does not require automatic exclusion of asset managers who are new to the industry or do not meet a certain threshold of assets under management;
3. Conduct a staff study on the influence of political contributions on asset allocation in the institutional market; and
4. Establish a procedure to allow the SEC when it receives reports of discriminatory practices to direct reporting parties to other government agencies or offices that are designed and equipped to investigate and address such complaints.

We urge the SEC to adopt and implement these recommendations expeditiously to help bring transparency and diversity to the asset management industry.

CC:

Commissioner Hester M. Peirce

Commissioner Elad L. Roisman

Commissioner Allison Herren Lee

Commissioner Caroline A. Crenshaw

AMAC Chairman Ed Bernard

D&I Subcommittee Chairman Gilbert Garcia

Sincerely,



Robert Menendez
United States Senator



Sherrod Brown
United States Senator



Catherine Cortez Masto
United States Senator



Tina Smith
United States Senator



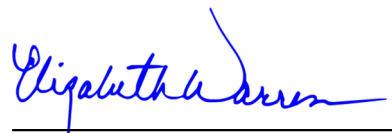
Raphael G. Warnock
United States Senator



Chris Van Hollen
United States Senator



Jack Reed
United States Senator



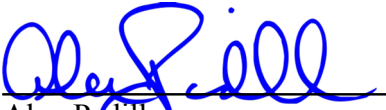
Elizabeth Warren
United States Senator



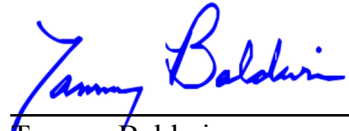
Mark R. Warner
United States Senator



Richard J. Durbin
United States Senator



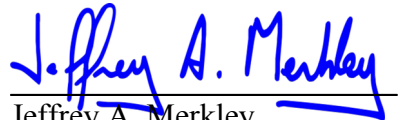
Alex Padilla
United States Senator



Tammy Baldwin
United States Senator



Tim Kaine
United States Senator



Jeffrey A. Merkley
United States Senator



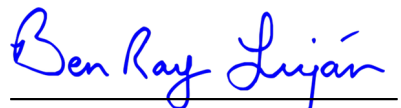
Richard Blumenthal
United States Senator



Benjamin L. Cardin
United States Senator



Mazie K. Hirono
United States Senator



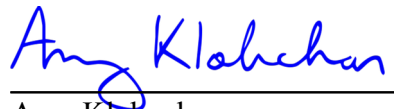
Ben Ray Lujan
United States Senator



Kirsten Gillibrand
United States Senator

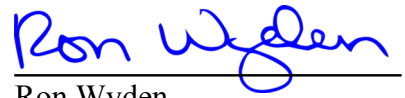


Cory A. Booker
United States Senator



Amy Klobuchar

United States Senator



Ron Wyden

United States Senator